



A Pacific Telesis Company

645 E. Plumb Lane, Room B132
P.O. Box 11010
Reno, Nevada 89520
(702) 333-3136
(702) 333-2175-FAX

June 5, 1997

M. P. (Mike) Coffey
CFD & Strategic Planning
Vice President

Midcom-Logically Davis
Jamae Shockley
1111 3rd Ave.
Seattle WA 98101

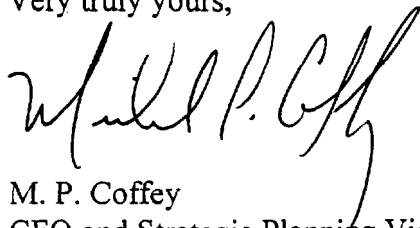
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- 7) Nevada Bell has filed interstate tariffs for unbundled functionalities associated with those lines.

- 8) Nevada Bell has an approved Comparably Efficient Interconnection (CEI) Plan for basic payphone services and unbundled functionalities.
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Very truly yours,

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M. P. Coffey
CFO and Strategic Planning Vice President

cc: Federal Communications Commission
Public Service Commission of Nevada

Attachments



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CFO & Strategic Planning
Vice President

Oncor Communications
Mary Marotta
3530 Forest Ln., Ste 195
Dallas TX 75234

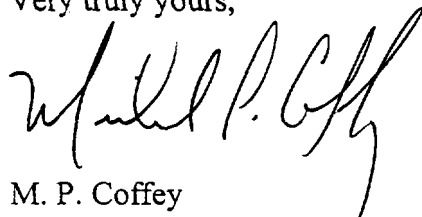
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M. P. (Mike) Coffey
CFO & Strategic Planning
Vice President

Sprint-External Carr/Mgmt
Mailstop MOKO MW051
903 E. 104th St., Fl. 5
Kansas City MO 64131

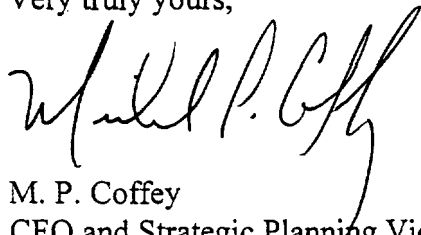
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Vice President

TELCO Dev. Grp of Del
4219 Lafayette Center Drive
Chantilly
VA 20151

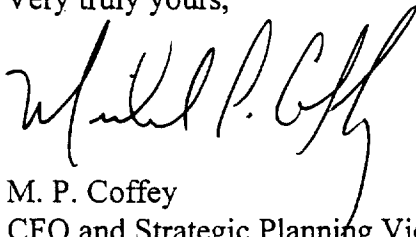
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M. P. (Mike) Coffey
CFO & Strategic Planning
Vice President

Tel-Save, Inc.
Danny DeMaio, Chief Operating Officer
6805 Route 202
New Hope PA 18938

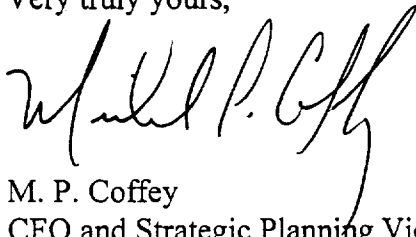
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The Furst Group
Joan Cann
459 Oakshade Road
Shamong NJ 08088

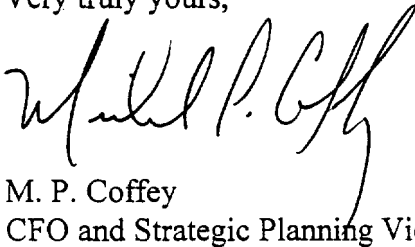
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U S Long Distance, Inc.
Kenneth F. Melley, Jr.
9311 San Pedro
Legal Dept., Ste. 100
San Antonio TX 78216

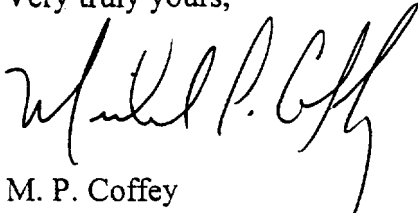
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Vartec National
Accounts Payable, Ste 100
3200 W. Pleasant Run Rd.
Lancaster TX 75146

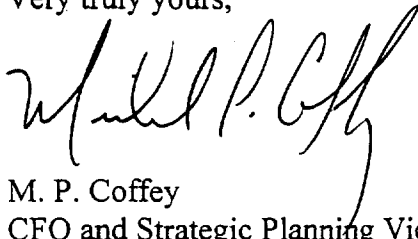
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	REQUIREMENT	FILED	EFFECTIVE/IMPLEMENTED	REFERENCE*
1.	Approved Cost Allocation Manual (CAM)	December 31, 1996	April 15, 1997	DA 97-814
2.	Interstate tariff reflecting reduction of CCL for deregulated payphone costs and additional SLC revenue	January 15, 1997	April 15, 1997	Transmittal 223
3.	Tariffs that reflect removal of intrastate subsidies	Yes	Yes	No subsidies exist. PSCN Order, Docket No. 97-3010
4.	Reclassification of payphone CPE and related costs	December 31, 1996	April 15, 1997	DA 97-814 (CAM filing)
5.	Intrastate tariffs for basic payphone services	January 15, 1997	April 15, 1997	Advice Letter 1778
6.	Intrastate tariffs for unbundled functionalities	Yes	Yes	See attached letter to FCC dated April 10, 1997
7.	Interstate tariffs for unbundled functionalities	May 16, 1997	May 31, 1997	Transmittal 225
8.	Approved CEI Plan	December 26, 1996	April 15, 1997	DA 97-794
9.	Intrastate tariffs meet new services test	Yes	Yes	Letters to PSCN April 15, 1997 and May 19, 1997

*All documents listed under this heading are attached. Attachments to April 15, 1997 and May 19, 1997 letters to PSCN are available subject to execution of an appropriate non-disclosure agreement.

RECEIVED
 JUN 17 1997
 Federal Communications Commission
 Office of Regulatory

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of)
)
Cost Allocation Manual Changes)
Required by Payphone Deregulation)
)

ORDER

Adopted: April 15, 1997

Released: April 15, 1997

By the Chief, Accounting and Audits Division:

1. On September 20, 1996, the Commission issued a Report and Order¹ implementing the pay telephone reclassification and compensations provisions of the Communications Act of 1934,² as amended by the Telecommunications Act of 1996.³ The *Payphone Order* required that incumbent local exchange carriers (ILECs) reclassify their payphone assets and related expenses to nonregulated status on April 15, 1997.⁴ Accordingly, the *Payphone Order* directed that "payphone investment and any other assets used in the provision of payphone service, along with the associated accumulated depreciation and deferred income tax liabilities should be directly assigned or allocated to nonregulated activities pursuant to our cost allocation rules."⁵ To ensure that this requirement is met, the *Payphone Order* required that ILECs "establish whatever Part 64 cost pools are needed" and "file revisions to their cost allocation manuals (CAMs) within sixty (60) days prior to the effective date of the change"⁶ and no later than February 14, 1997.⁷

¹ Implementation of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996, CC Docket No. 96-128, FCC 96-388 (rel. Sept. 20, 1996) (*Payphone Order*); *Order on Reconsideration*, FCC 96-439 (rel. Nov. 8, 1996).

² 47 U.S.C. §§ 276(b)(1)(A)-(E) and 276(b)(2).

³ Telecommunications Act of 1996, Pub. L. No. 104-104, 110 Stat. 56 (1996).

⁴ *Payphone Order* at para. 368.


⁵ *Payphone Order* at para. 163. See 47 C.F.R. § 64.901-903.

⁶ *Payphone Order* at para. 163. Our rules require that changes to the CAM's cost apportionment table and time reporting procedures must be filed at least 60 days before the carrier plans to implement the changes. 47 C.F.R. § 64.903(b).

2. We observe that the CAMs in effect for the following companies satisfy the requirements of the *Payphone Order*: Aliant Communications; Alltel Telephone Systems; Ameritech Operating Companies; Bell Atlantic Telephone Companies; BellSouth Telecommunications, Inc.; Cincinnati Bell Telephone Company; Citizens Telecommunications Company of New York; GTE Telephone Operating Companies; Nevada Bell; NYNEX Telephone Companies; Pacific Bell; Puerto Rico Telephone Company; Rochester Telephone Corp.; Southern New England Telephone Company; Southwestern Bell Telephone Company; United and Central Telephone Companies; and U.S. West, Inc.

3. Although the CAMs for the companies listed above are effective for purposes of the *Payphone Order*, certain changes in the cost allocation treatment of payphone assets and investment may be necessary to ensure uniformity among carriers and to address other concerns raised by commenters. We will address these issues in a subsequent order.

FEDERAL COMMUNICATIONS COMMISSION



Kenneth P. Moran
Chief, Accounting and Audits Division

⁷ *Payphone Order* at para. 369.



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M. E. King, Jr.
President and
Chief Executive Officer

January 15, 1997

Transmittal No. 223

Secretary
Federal Communications Commission
Washington, D.C. 20554

Attention: Common Carrier Bureau

The accompanying tariff material, issued by Nevada Bell, bearing Tariff F.C.C. No. 1, effective April 15, 1997, is sent to you for filing in compliance with the Communications Act of 1934, as amended. This filing consists of tariff pages as indicated on the following check sheet:

Tariff F.C.C. No. 1 209th Revised Page 1

This filing is being made to provide exogenous cost changes and tariff revisions in compliance with the provisions as set forth in the Commission's Report and Order FCC 96-388, In the Matter of Implementation of the Pay Telephone Reclassification and Compensation of the Telecommunications Act of 1996, CC Docket 96-128 and modified by the FCC in the Order on Reconsideration, FCC 96-439, released November 8, 1996.

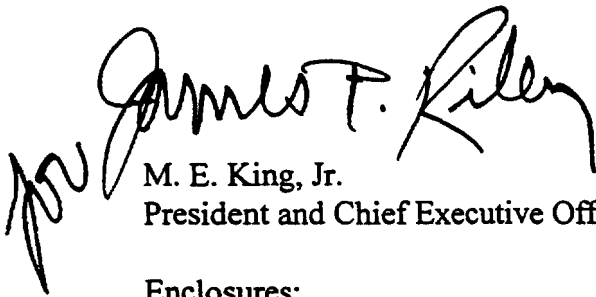
Supporting information as specified in Section 61.49 of the Commission's Rules is included with this filing.

Nevada Bell is also including the Tariff Review Plan (TRP) (Exhibit A) to support the reclassification of the inmate-only pay telephone investment as presented in its letter to the Commission filed on December 20, 1996. The Common Line basket PCI reported in that letter was incorrect due to an error in the "R" value. The attached TRP correctly calculates the PCI for the inmate investment reclassification as 91.3393. There is no change to the Carrier Common Line rate.

The PCI resulting from the removal of the remainder of the pay telephone investment is 88.1527. Nevada Bell does not propose to change the Carrier Common Line rate with this filing. The current rate of \$.0050 is lower than the revised maximum allowable rate of \$.0063, as displayed in the attached TRP (Exhibit B).

In accordance with Section 61.32(b), the original Transmittal Letter, the Federal Communications Commission Form 159 and the filing fee have been submitted to a courier service for delivery to the Treasury Department lockbox at the Mellon Bank in Pittsburgh, Pennsylvania. Acknowledgment of receipt of this filing is requested. A duplicate letter of transmittal is attached for this purpose.

All correspondence in connection with this filing should be addressed to me at the above address. All other inquiries may be directed to J. L. Bennett on (202) 383-6429.

A handwritten signature in black ink, appearing to read "James F. Riley". To the left of the signature is a small, stylized mark that looks like "JF".

M. E. King, Jr.
President and Chief Executive Officer

Enclosures:

Duplicate Transmittal Letter
Tariff Pages
Description and Justification

Copy of Letter, Tariff Pages and Description and Justification concurrently addressed to:

Chief, Tariff Review Branch (Public Reference Copy)
International Transcription Service

RECEIVED

MAY 14 1997

NEVADA BELL
REGULATORY

BEFORE THE PUBLIC SERVICE COMMISSION OF NEVADA

In re application of NEVADA BELL to)
to Classify as "Deregulated" Public)
Telephone Service, Semi-Public Telephone)
Service and Confinement Services Offered)
By Nevada Bell.)

Docket No. 97-3010

Copies To
Adkins
Riley
Slayton
Nichols

At a general session of the Public
Service Commission of Nevada, held
at its offices on May 1, 1997.

PRESENT: Chairman John F. Mendoza
Commissioner Galen D. Denio
Commissioner Judy M. Sheldrew
Commissioner Donald L. Soderberg
Commissioner Timothy Hay
Secretary Clayton L. Holstine

ORDER

The Public Service Commission of Nevada ("Commission") makes the following findings of fact and conclusions of law:

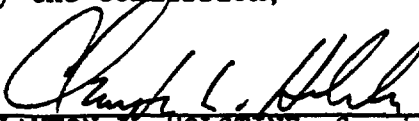
1. On March 12, 1997, Nevada Bell filed an application with the Commission to classify Public Telephone Service, Semi-Public Telephone Service and Confinement Services as "deregulated."
The Commission designated this application as Docket No. 97-3010.
2. The application comes within the authority and jurisdiction of the Commission pursuant to the Telecommunications Act of 1996 ("Act"). Section 276 of the Act sets out the policy that the payphone industry should become fully competitive. In accordance with the Act, the Federal Communications Commission ("FCC") released Order 96-388 and Order on Reconsideration 96-439, directing Local Exchange Carriers to detariff and deregulate their payphone operations. Jurisdiction also vests with the Commission via Nevada Revised Statutes ("NRS") and Nevada Administrative Code ("NAC") Chapters 703 and 704, and NAC 704.68074.
3. The Commission issued a public notice of this application in accordance with state law and the Commission's Rules of Practice and Procedure. The Attorney General's Office of Advocate for Customers of Public Utilities ("OCA") intervened as a matter of right. They subsequently withdrew their Notice of Intent to intervene.

4. The Regulatory Operations Staff of the Commission ("Staff") has completed its review of this application and recommends that the Commission approve the terms and conditions delineated in the Settlement Agreement, attached hereto as Exhibit A.
5. It is in the public interest to accept Staff's recommendation and approve the Settlement Agreement.

Therefore, based on the foregoing findings of fact and conclusions of law, it is ORDERED that:

1. The Nevada Bell's application as amended by the Stipulation entered into by the parties is APPROVED, effective May 1, 1997. That Stipulation is attached to and hereby incorporated in this Order.
2. The Commission retains jurisdiction for the purpose of correcting any errors which may have occurred in the drafting or issuance of this Order.

By the Commission,



CLAYTON L. HOLSTINE, Commission Secretary

Dated: Carson City, Nevada

May 12, 1997

(SEAL)

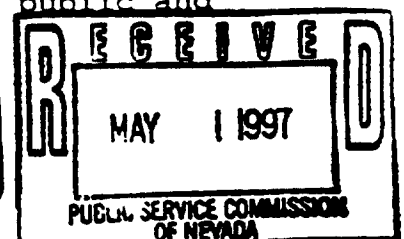
BEFORE THE PUBLIC SERVICE COMMISSION OF NEVADA

In the Matter of the Application)
of Nevada Bell to Classify as)
"Deregulated" Public Telephone)
Service, Semi-Public Telephone) Docket No. 97-3010
Service and Confinement Services)
Offered by Nevada Bell)

SETTLEMENT AGREEMENT

This Settlement Agreement, executed this 10th day of April, 1997, is entered into by and between the Regulatory Operations Staff of the Public Service Commission of Nevada (Staff) and Nevada Bell, both of whom are Parties to Docket No. 97-3010, an application by Nevada Bell for reclassification of public telephone service, semi-public telephone service and confinement services to deregulated services to comply with the Telecommunications Act of 1996 for pay telephone reclassification.

WHEREAS, on March 10, 1997, Nevada Bell filed an Application to Classify as "Deregulated" Public Telephone Service, Semi-Public Telephone Service and Confinement Services Offered by Nevada Bell (Application), including revisions to Nevada Bell tariffs and to establish that no subsidy of public and



semi-public telephone service exists in Nevada Bell's intrastate rates to comply with the Telecommunications Act of 1996 and related orders issued by the Federal Communications Commission (FCC) in CC Docket No. 96-128; and

WHEREAS, the Parties have met on several occasions to discuss the possibility of settling the outstanding issues raised by Nevada Bell's Application and tariff filing; and

WHEREAS, the Parties have negotiated in good faith and have reached an agreement regarding the issues related to Nevada Bell's Application, tariff filing and the subsidy issue to comply with the Telecommunications Act of 1996.

NOW, THEREFORE, the Parties agree as follows:

1. Nevada Bell has amended its tariffs to remove all references to the deregulation of Confinement Services Offered by Nevada Bell.
2. Nevada Bell has amended its proposed tariff pages to retain the reference to the \$0.25 local coin rate,